

Company number: 08364475

Charity number: 1155570

Social Innovation Exchange

Report and financial statements

For the year ended 31 December 2016

Social Innovation Exchange

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For the year ended 31 December 2016

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Reference and administrative information

For the year ended 31 December 2016

Company number	08364475
Charity number	1155570
Registered office and operational address	32 Cubitt Street LONDON WC2R 1LA UK
Executive Board members	Executive Board members, who are also directors under company law, who served during the year and up to the date of this report were as follows: Marcello Palazzi Chair (appointed 17 January 2017) Andrew Barnett Gotzon Bernaola Carolyn Curtis Tim Draimin Jonathan Huggett Harvey Koh (appointed 17 January 2017) Geoff Mulgan Glenys Thornton (appointed 20 January 2016) Simon Willis (resigned 20 January 2016) Ada Wong
Principal staff	Louise Pulford Jordan Junge Kine Nordstokka (until October 2016)
Bankers	Cooperative Bank 80 Cornhill LONDON EC3V 3NJ
Solicitors	Bates Wells and Braithwaite Scandanavian House 2-6 Cannon St LONDON EC4M 6YH
Independent examiners	Sayer Vincent LLP Chartered Accountants Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

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Report of the Executive Board

For the year ended 31 December 2016

The Executive Board present their report and the audited financial statements for the year ended 31 December 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 17 January 2013 and registered as a charity on 30 January 2014.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

Executive Board

The Executive Board has the power to make decisions that will govern SIX. The responsibilities of the Executive Board are as follows:

- Approve strategy, operating plans and budgets and have overall responsibility of executive functions as the Board of Directors of the company
- Appoint the Director of SIX
- Determine day-to-day governance, particularly financial management;
- Support fundraising for core costs and programs e.g. regional events, appropriate links to other programmes;
- Set norms and rules for SIX, e.g. around the use of the brand.
- Meet 3 –4 times a year (1 of these times will be held during the annual SIX event). Some meetings can be held via Skype (or equivalent), but at least two meetings need to be in person.
- All Executive Board members give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 11 to the accounts.

Global Council

In addition to the Executive Board, SIX has an advisory group – the ‘Global Council’. The Global Council act as representatives and a hub for SIX around the world. Over the last year we have grown the Global Council from 12 members at the end of 2013, to 16 members at the end of 2014. It now includes both social innovation agencies who have been closely involved in SIX for many years, as well as organisations around the world who are new to the field of social innovation, but who are leading the effort in their field. At the end of 2015, the Global Council had 12 member organisations. The role of the SIX Global Councils is to:

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- Make recommendation on strategy in their area of social innovation expertise;
- Inspire others to get involved in different countries and sectors;
- Provide foresight knowledge on the key issues for the future of social innovation globally;
- Meet in person once a year at the SIX annual summer school to provide the support and guidance SIX needs to be effective, and meet in small working groups in between times;
- Support SIX financially through an annual financial contribution;
- Guide and influence the development of SIX through 3 representatives on the Executive Board.

Appointment of Executive Board members and related parties and relationships with other organisations

Between four and eight Executive Board members can be appointed by the Executive Board. The Global Council can nominate up to three people after discussing the skills required with the Executive Board. The Young Foundation had the right to appoint a member, which has now lapsed. We recruited two new Board members this year, and we appointed a new Chair. If a new member is required they will be recruited via a global head hunt following a Board review and skills audit of the existing Board.

Executive Board induction and training

When a new member is appointed they are given an induction pack consisting of the memorandum and articles of association, the latest accounts, the business plan and the risk register. An induction programme is tailored to the skills and experience of the new member. Most new members are already familiar with the work of SIX.

Remuneration policy for key management personnel

The Director's salary is set by the Board after an annual review of salary.

Objectives and activities

Purposes and aims

SIX is a tight global network that connects people tackling complex social challenges to one another. SIX enables 'social innovators' to exchange ideas, resources, and inspiration, and to feel connected and supported by each other.

SIX provides a global platform for the practice and development of social innovation. SIX creates dynamic online and offline events, programs and resources for people to be inspired, connected, supported, more informed and more effective in their work addressing social need.

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For the year ended 31 December 2016

SIX Vision

SIX has a vision of a world where social innovators can easily exchange and share:

- Ideas that work, across sectors and geographies
- Talent, capabilities, skills
- Access to power
- Money, capital and resources
- Social innovators are inspired, connected and supported

Our mission is to help established social innovators to become better innovators by connecting peers, sharing methods and exchanging solutions globally.

Our unique advantages are:

- The quality and scope of the network
- The way in which we convene and connect people, creating a trusting environment where people can really learn from each other. At SIX, you can have the conversation you can't have anywhere else
- The extensive social innovation resources we provide

Values and principles – our values and principles influence the way we work. They are:

- We celebrate solutions (more than heroes)
- We engage (more than just inform)
- We connect as peers (not in a hierarchy)
- We inspire through action (not just words)
- We prize interdisciplinary and collaboration (not silos and 'experts')
- We are inclusive (and welcome the unexpected)

Objectives and activities

Over the next year, SIX's work will continue to execute the strategy outlined in its initial business plan, focussing on four strands key areas of work.

1. **Build a tight network:** We help members network easily by connecting and inspiring innovators through global, regional and thematic events, online resources, and learning and training programmes with SIX partner organisations
2. **Grow and spread globally:** Through developing nodes of place, theme and function, we can better support social innovation all over the world
3. **Develop and share resources, knowledge and learning:** SIX shares knowledge openly through debate and discussion, videos, and online content and publications, SIX will build an accessible bank of social innovation resource. SIX will also perform global scans of best practice in

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specific areas.

4. Grow the SIX organization: Innovators should own and fund SIX. We should build the team and capacity through the wider network, build the Global Council and develop a broad based business model to ensure the organisation is sustainable.

Below is a list of the corresponding activities attached to these goals for the period 2014–2015. They built on the activities of the previous year, maintaining continuity through activities like the annual summer school, but also expanding our reach through new programmes of work in new regions. Each activity will be mutually reinforcing.

In particular, the Board agreed we would focus on the following priorities in 2015 – 2016:

1. Build a tight core network

- SIX should continue to improve on the current execution of activities
- Host the annual Summer School event India on ‘The Connected Urban Life – How new ways of connecting makes cities better for all’

2. Develop SIX globally

- The Board agreed SIX should continue with the high level principles in relation to developing a pattern of meeting styles, in different places each year (see table below)
- SIX should create a clear framework to grow by nodes of place, theme and function.

Specifically:

- build on the regional node model to expand the network in new regions – particularly Africa, India and Latin America
- use the work of the funders node to build a model for other tight thematic nodes globally

Principles of SIX's activity pattern

	Global	Regional	Local
Type of meeting	Summer School variation Themed nodes e.g. funders meetings, social frontiers	Local node meetings Regional node meetings	Unusual Suspects festival Training programmes
Where	Moves around the world, as per member	1 in each region each year (Europe, Asia, LatAm, Africa, North America)	Aligned with cities of social innovation
Who for	Exclusive invitation only		Inclusive Open
Organised by	SIX	SIX plus Regional node partners	Collaborative – with lots of partners and funders
Level of experience	9 years	4 years	3 years

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3. Develop and share learning, resources and knowledge

- Better syntheses and curate content. SIX should redevelop the website to better suit the needs of the network, making resources are more easy to access; develop new ways to reach new audiences and highlight practical innovations from all the regions in which we work; build on our current communication strategy and embed better communication in all events and activities

4. Build the SIX organisation

- Retain, develop and grow the SIX team to ensure we have five FTEs, funded through 2016
- Grow the Global Council, and establish concrete activity and collaborations between members; conduct current member/network analysis to ensure we are running the right activities; grow revenue from large funders
- SIX should work to become financially and operationally sustainable.

Public benefit focus on ensuring that our activities achieve our charitable aims

The Executive Board review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Executive Board report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Executive Board ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The Executive Board have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Executive Board consider how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance in the delivery of public benefit

The charity's main activities and who it tries to help are described below. All its charitable activities focus on advancing the knowledge, practice and field of social innovation and are undertaken to further Social Innovation Exchange's charitable purposes for the public benefit.

All of the activities below develop and produce resources which are posted on SIX website and communicated with members in the UK, and around the world, via social media for benefit of the general public.

Specific activities

During 2016, we hosted several activities, as identified in the strategy at the beginning of the year, as well as taking advantage of any new opportunities that arose:

Building a tight core network: SIX is growing its core network, running more events in more places. During 2016, we hosted 8 international events across 4 continents, and either helped curate or

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contributed to more than 15 different events across the world, either through hosting small workshops, Chairing panels, or as speakers.

- We hosted our 9th annual Summer School in Bogota, Colombia, October 2016. We explored the potential of social innovation in transforming divided societies. The event took place just the day after the Colombian population had voted to reject a historic peace agreement between FARC militants and the government. This provided an emotional, fascinating and inspiring context to the entire summer school. As usual, we brought together around 150 people for an active programme of workshops, talks, workshops and visits. We developed close partnerships with local organisations, Los Andes University, and various parts of the Colombian government.
- We launched the Social Innovation Europe (SIC) project which will run for 3 years. By connecting existing social innovation networks across Europe, SIC will connect, strengthen and grow social innovation activity in Europe, to help improve our collective capacity to address some of the greatest challenges we face today. SIC is a Horizon 2020 Programme funded project, and run by a consortium of 12 leading organisations across Europe. SIC will run from February 2016– 2019. SIX plays a leading role in holding the consortium together, and encouraging learning and sharing across the European partners.

SIX is developing globally, by building nodes of places, theme and function:

- We hosted 2 activities relating to our funders node. In New York in January 2016, We hosted the second meeting of our ‘Funders Node’ with 20 foundations from Europe and North America to create a unique environment to share connections, wisdom, tools and methods, all to improve funding social innovation, and in turn increase their impact. This built on the first meeting held in July in 2015, further growing the group engaged. The funders attending agreed they wanted to dive deeper into issues that really mattered to them. One of those issues was funding systems change. And so, at the invitation of the McConnell Foundation, Canada, we planned and hosted a further meeting in the form of a 3.5 day retreat on Wasan Island in September 2016, Canada. We invited a group of the foundations from New York, and an additional 10 foundations from Europe, the US and Asia who are interested in systems change.
- After the success of the first Unusual Suspects Festival in London in 2014 and in Glasgow in 2015, we brought the Festival to Northern Ireland in October 2016. The [Unusual Suspects Festival](#) brings together the ‘unusual suspects’ – individuals and organisations from youth clubs to ‘do tanks’ to multinational corporations– who are making real social change happen but would not usually be involved in these events. The Northern Ireland festival was different to previous events – we hosted it in cities, Derry–Londonderry, and Northern Ireland. Around 600 people came to 19 events over the 3 days with 40 different contributing organisations – all exploring how we can address some of the most difficult challenges we face in society today.

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- As part of our Social Innovation Europe project, we partnered with the Impact Hub Siracusa, Sicily to host ['A brighter future for Europe: Innovation, integration and the migrant crisis'?](#) This two-day gathering brought together approximately 60 – 80 policymakers, foundations, academics, social entrepreneurs, and local communities to meet some of the most innovative projects around Europe that have the potential to contribute improving the longer term, sustainable integration of migrants in communities across Europe. Being in Sicily was symbolic given the high number of migrants that arrived on it's shores.
- We partnered with Hivos Southern Africa Office to host a high level workshop in Harare, Zimbabwe in May– Inclusive Cities of the Future: Experiences of Zimbabwe in a global perspective. We brought together 30 participants from across the country and the region– a mix of urban planners, artists, members of local councils and municipal governments, local residents associations and a Member of Parliament and international experts to explore the opportunities and challenges for building inclusive cities in Zimbabwe. We explored how citizens can be more involved in designing urban spaces and transforming the city into a thriving space that works for all and learnt from what's happening around the world. This was the third and final gathering in our collaboration with Hivos in our series of work in Africa helping to connect innovators across the region to each other and to the global field of social innovation.

Developing resources and knowledge: SIX shares knowledge opening and is now clearer with a new website containing more useful and better content in a variety of different types, and therefore reaching and supporting more people in their innovation efforts:

- Further developed our capacity building and training offering – We worked with Northampton University Student Union to support students to design a 2 day global event for other students, and facilitated a 1 day social innovation 101 training for the 50 students. We are building the training materials in order to deliver several programmes in Latin America in 2017.
- We launched a SIC website (siceurope.eu) as part of the new Social Innovation Community EU funded project, we are a part of. SIX plays a leading role amongst partners, connecting and dissemination the project knowledge and learning, part of which is through this website. The SIC website builds on the previous SIE website, which SIX developed and ran for 5 years . It hosts a separate policy and research sections, and a manual of learning resources, as well as more than 50 in interviews with high level thinkers to highlight the best approaches to Europe's migrant crises, tech for good, digital social innovation, funding innovation and increasing the visibility of women in the field.

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- We produced ‘ SIX Funders Node – A new kind of network’ documenting the work we did to build our funders group, the key outcomes, and a description of the way we build networks
- We documented key events (the summer School, Unusual Suspects festival) through real time recording a on social media and other platforms, digital storytelling, videos and reports, pulling out insights to provide resources and inform thinking and proactive in those areas. Videos and reports are available on the SIX website.
- We further developed ‘question section’ of the SIX website– a place where we curate resources answering a specific question. The most viewed question was ‘How can social innovation bridge divided societies?’. We developed this section specifically to build awareness for our summer school in Colombia, which we planned at the same time as the referendum for peace. It also related to Brexit, the US elections and other global movements. We collected 11 pieces of content from prominent thinkers and academics across 5 continents, contributing to an important body of knowledge on a very live issue in societies around the work.

Building the SIX organisation:

- SIX is now stronger with a new team with clear roles, and a set of external advisors and consultants who are available to us from around the world to work on different projects – notably capacity building and the Unusual Suspects event
- Developed relationship with new funders aware of and interested supporting our work, and growing the funders node part of the network
- Focused on growing Global Council. We worked wit the existing Global Council to review where SIX can add value, and 4 more organisations joined the Council as a result.
- Invested in improving systems and financial processes with a dedicated Staff member through On Purpose scheme. We also reduced overheads by moving office.

Beneficiaries of our services

Because SIX is a network, its members and participants determine its impact. SIX participants and members are, in principle, co-creators of SIX. The main function of SIX is, therefore, to facilitate connections and curate learning between them.

The participants of SIX are leaders or emerging leaders in social innovation, and work in government, non-profits and charities, social enterprises, universities and private companies. Mixing different backgrounds contributes to our quality. Broadly speaking, SIX network is comprised of people who are already engaged in social innovation thinking and/or practice and lead in a specific sector, expertise or geography. They see the value of social innovation and wish to share experiences with their peers and all those interested.

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SIX also provides experiences for, and opportunities to engage those who are new to the concept of social innovation, but who are in practice already doing it in the sector, field or geography. SIX is also interested to learn from people in parallel fields with similar experiences.

For participants and network members, SIX provides access to other leading practitioners, thinkers as well as other networks of social innovators as well as dynamic experiences (SIX events series) where they can quickly access this. For governments and large regional and national institutions, SIX offers practical knowledge, skills, examples and case studies of social innovations as well as open forums to discuss issues and practical problems.

Financial review

The financial results are set out on pages 17–31. In its third full year of operations SIX generated £369,691 of income and spent £350,362 on running projects, events and on support and governance costs.

SIX is grateful to its Global Council members for the financial support they have given in 2016 £95,105 (2015 £73,200) and continue to give to fund SIX's ongoing activities.

Global Council – treating as donations not membership

It has been agreed by the SIX Executive Board that the Global Council income should be treated as a Donation, rather than a Membership Fee. This is due to the nature of the relationship between the Global Council and SIX. It is not a membership body.

The service the Global Council gets from SIX is not time bound, or measurable. SIX's role is as a constant matchmaker and connector for organisations on the Council. They do not get free tickets/spaces at events each year. SIX's job is to help them be better innovators by connecting them to their peers and the resources they need. When a Global Council organisation decides to leave the SIX Global Council, the amount paid is not expected to be reimbursed. Neither the service we provide is stopped at a specific day if a year has gone without a new payment.

We have therefore changed the financial treatment from a membership (split in 12 month instalments from the month of payment) to a regular donation.

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Implication on unrestricted funds

Changing the treatment of Global Council income to a donation has a positive impact on the accounts as it reflects the full amount of the income in the year of payment. The below table shows the retrospective impact on 2014 and 2015, and the 2016 closing position.

<u>Recalculation of Unrestricted funds for 2014 and 2015</u>	
£ 21,947.00	UR reserve as per accounts
£ 22,917.00	Deferred income at 2014 that is now included
£ 44,864.00	Adjusted UR fund at 2014
£(55,752.00)	UR deficit as per accounts
£ 50,147.00	Income deferred during 2015 that is now included
£(22,917.00)	Income included in 2015 numbers but 2014 deferred now in 2014
£(28,522.00)	UR deficit recalculated for 2015
£ 16,342.00	Adjusted UR fund at 2015

<u>Unrestricted funds for 2016</u>	
£ 16,342.00	Adjusted UR fund at 2015
£ 75,805.00	Net movement in funds 2016
£ 92,147.00	UR fund at 2016

Principal risks and uncertainties

The below highlights key challenges for SIX in line with our 4 areas of work:

Building the core network

- The Summer School is a key vehicle for helping members connect more easily, but we need to develop the right business model for the activity, and how do we balance expanding in new geographies with raising sufficient funds. We have decided that the 2016 Colombia Summer School would be the last of its kind, and we will review the model, likely making it smaller, building in more of a training and capacity building into the model and therefore attracting a different kind of participant.

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Report of the Executive Board

For the year ended 31 December 2016

Growing the network through nodes of theme, function and place

- How do we make the most of the funders node to ensure activity/group continues after the RWJF contract? How can we leverage the group to raise more money to continue to develop useful activities? How can we build on the model of the funders node and set up similar thematic groups with different types of organisations – e.g. corporates or impact investors.
- What is the right financial/governance model for nodes to spread? How can we work with a more flexible/pop up node regional model which allows for activities to take place when they are needed in a region (rather than establishing a permanent regional node)?

Sharing knowledge openly

- How can we better communicate the results, insights and learning of SIX events better? The market place for knowledge sharing and newsletters is becoming increasingly crowded, but SIX has unique content from the variety of events we do. What resources do we need to share this valuable content more widely?

Building SIX as an organisation

- What is the right growth path for SIX? Which activities should SIX focus on? How can we better package our offering? What should we do more or less of? Which new markets/customers should we work with? How can we better understand, and therefore add value to more people/different groups? How do we better communicate SIX's unique value proposition?
- How can we continue to build SIX's operational sustainability? We have begun to optimize our systems, and reduce overhead costs. What more can we do?
- What does financial sustainability look like for SIX? What is the right business model? How can we build security beyond global council membership?

Reserves policy and going concern

The Executive Board have decided that the charity should hold three months running costs in reserves so that it could continue its activities in the event of a drop in funding. In 2016, SIX significantly reduced overheads, thereby reducing the amount needed. This means the target amount is £87,000. We currently have unrestricted free reserves of £92,033, unrestricted free reserves are the unrestricted reserves less the amounts invested in fixed assets.

Plans for the future

We will build on the achievements of developing a stronger organisation in 2016, and use 2017 to grow SIX, making it bigger, tighter, clearer and stronger. We will develop SIX as the leading organisation who sets the direction for social innovation globally.

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Building the core network – Helping members connect more easily

- We will focus on what we do well and deliver a great, more focussed programme of events on every continent. Each event will connect into the next – we will develop more connected series, and work on the post event communication as much as the event. The Wayfinder event in February will set plans for a new series of roundtables to influence the direction of social innovation globally over the next 10 years.
- Expand our Global Council to help SIX stay global and support more people
- Develop more strategic partnerships with more organisations to deliver programmes of work together globally
- Work more with the network through joint projects

Growing the network through nodes of theme, function and place

- Conduct more funders node activities in 2017 and plan for future funders node activities, bringing in more funders and making it more global
- Establish other nodes, including a corporate node/circle
- Build programmes of work as part of pop up nodes in Asia, Latin America and Canada
- Continue to play a central role in coordinating the European Commission Social Innovation Community project

Sharing knowledge openly

- Develop a better communications and content sharing plan with our On Purpose Associate, revamp SIX content, on and offline and bring in a journalist who can help develop content.
- Develop a stronger more global training offering and deliver more programmes

Building SIX as an organisation

- Further develop mission, focussing on building more Innovation Societies around the world.
- Raise money to grow core team, win new work and ensure growth
- Grow reserves and continue to improve financial management
- Conduct market analysis to understand competitors and collaborators and ensure SIX is still adding value

Statement of responsibilities of the Executive Board members

The Executive Board members (who are also directors of Social Innovation Exchange for the purposes of company law) are responsible for preparing the report of the Executive Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Board members to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Executive Board members are required to:

- Select suitable accounting policies and then apply them consistently

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- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Executive Board members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Board members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2016 was 10 (2015:8). The Executive Board members are members of the charity but this entitles them only to voting rights. The Executive Board members have no beneficial interest in the charity.

Independent Examiner

Jonathan Orchard of Sayer Vincent LLP was re-appointed as the charitable company's independent examiner during the year and has expressed his willingness to continue in that capacity.

The report of the Executive Board has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The report of the Executive Board has been approved by the Executive Board members on 15 February 2017 and signed on their behalf by

Marcello Palazzi
Chair

Independent examiner's report

To the Executive Board of

Social Innovation Exchange

I report on the accounts of the company for the year ended 31 December 2016, which are set out on pages 17 to 31.

This report is made solely to the Executive Board as a body, in accordance with the Charities Act 2011. My examination has been undertaken so that I might state to the Executive Board those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the Executive Board as a body, for my examination, for this report, or for the opinions I have formed.

Respective responsibilities of Executive Board and examiner

The Executive Board (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The Executive Board considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountancy in England and Wales (ICAEW).

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Executive Board members concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and

Independent examiner's report

To the Executive Board of

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- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Jonathan Orchard FCA

Chartered Accountant, ICAEW

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

25 May 2017

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Statement of Financial Activities (Including Income and Expenditure Account)

Year Ended 31 December 2016

		2016			2015
	Note	Unrestricted funds £	Restricted funds £	Total £	Total £
Income and endowments from:					
Voluntary	2	175,375	134,322	309,697	145,912
Projects	3	55,000	–	55,000	186,371
Events	4	3,992	–	3,992	11,838
Investments and other income	5	952	50	1,002	262
Total income and endowments		235,319	134,372	369,691	344,383
Expenditure on:					
Projects, events and governance	6	159,514	190,848	350,362	361,219
Total expenditure		159,514	190,848	350,362	361,219
Net income / (expenditure)		75,805	(56,476)	19,329	(16,836)
Transfers between funds		–	–	–	–
Net movement in funds		75,805	(56,476)	19,329	(16,836)
Reconciliation of funds:					
Total funds brought forward	20				
As originally stated		(33,805)	56,746	22,671	66,737
Prior Year adjustment		50,147	–	50,147	22,917
As restated		16,342	56,476	72,818	89,654
Total funds carried forward	20	92,147	–	92,147	72,818

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

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Balance Sheet

Year Ended 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	13	114	1,199
		<u>114</u>	<u>1,199</u>
Current assets			
Debtors	14	103,933	40,359
Cash at bank and in hand		110,167	39,185
		<u>214,100</u>	<u>79,544</u>
Creditors: amounts falling due within one year	15	122,067	7,925
		<u>92,033</u>	<u>71,619</u>
Net current assets		<u>92,033</u>	<u>71,619</u>
Net assets		<u>92,147</u>	<u>72,818</u>
Charity Funds			
Restricted funds	18	-	56,476
Unrestricted funds	18	92,147	16,342
		<u>92,147</u>	<u>72,818</u>
Total charity funds	18	<u>92,147</u>	<u>72,818</u>

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board on 15 February 2017.

Signed on behalf of the board of trustees

Marcello Palazzi, Chair
15 February 2017

The notes on pages 17 to pages 31 form part of these financial statements.
Company registration number: 08364475

Social Innovation Exchange

Statement of Cash Flows

Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flow from operating activities	21	70,901	(23,516)
Net cash flow from operating activities		<u>70,901</u>	<u>(23,516)</u>
Cash flow from investing activities			
Interest received		81	113
Payments to acquire tangible fixed assets		-	-
Net cash flow from investing activities		<u>81</u>	<u>113</u>
Net increase / (decrease) in cash and cash equivalents		70,982	(23,403)
Cash and cash equivalents at start date 2015		39,185	62,588
Cash and cash equivalents at end date 2016		<u>110,167</u>	<u>39,185</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		110,167	39,185
Cash and cash equivalents at end date 2016		<u>110,167</u>	<u>39,185</u>

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

(b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 January 2014.

(c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

(d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Summary of significant accounting policies (continued)

(f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

(g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

(h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of carrying out network activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

(i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1 Summary of significant accounting policies (continued)

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- | | |
|---|-----|
| • Build a tight network by helping member connect to each other easily | 30% |
| • Develop SIX globally by developing nodes of place, theme and function | 0% |
| • Develop learning and resources by sharing knowledge openly | 30% |
| • Build the SIX organisation by ensuring innovators 'own' and found SIX | 40% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

(j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

(k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £[1 000]. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Computer equipment – 3 years

(l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Summary of significant accounting policies (continued)

(m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

(n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(o) Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

2 Income from donations and legacies

	2016 £	2015 £
Gifts and donations	214,592	72,710
Global council	95,105	73,202
	<hr/> 309,697	<hr/> 145,912

Income from donations and legacies was £309,697 (2015 – £ 145,912) of which £168,598 (2015 – £114,300) was attributable to unrestricted funds and £141,098 (2015 – £54,526) was attributable to restricted funds.

3 Income from charitable activities

	2016 £	2015 £
Build a tight network by helping member connect to each other easily.	55,000	35,000
Develop SIX globally by developing nodes of place, theme and function	–	151,371
Develop learning and resources by sharing knowledge openly	–	–
Build the SIX organisation by ensuring innovators 'own' and found SIX	–	–
	<hr/> 55,000	<hr/> 186,371

Income from charitable activities was £55,000 (2015 – £186,371) of which £NIL (2015 – £186,371) was attributable to restricted funds.

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

4 Income from other trading activities

	2016 £	2015 £
Summer School	2,032	10,755
Themed Programmes	-	749
Other events	1,960	334
	<hr/>	<hr/>
	3,992	11,838
	<hr/>	<hr/>

Income from other trading activities was £3,992 (2015 – £11,838) of which £3,992 (2015 – £11,838) was attributable to unrestricted funds and £nil (2015 – £nil) was attributable to restricted funds.

5 Income from investments

	2016 £	2015 £
Interest – deposits	81	113
Other	921	149
	<hr/>	<hr/>
	1,002	262
	<hr/>	<hr/>

Income from investment was £1,002 (2015 – £262) of which £952 (2015 – £98) was attributable to unrestricted funds and £50 (2015 – £164) was attributable to restricted funds.

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

6 Analysis of expenditure on charitable activities

	Activities undertaken directly	Support costs	2016	2015
	£	£	£	£
Build a tight network by helping member connect to each other easily.	117,783	17,866	135,649	91,469
Develop SIX globally by developing nodes of place, theme and function	93,448	–	93,448	147,148
Develop learning and resources by sharing knowledge openly	79,580	17,866	97,446	75,431
Build the SIX organisation by ensuring innovators 'own' and found SIX	–	23,819	23,819	47,171
	<hr/>	<hr/>	<hr/>	<hr/>
	290,811	59,551	350,362	361,219

£159,514 (2015 – £128,182) of the above costs were attributable to unrestricted funds. £190,848 (2015 – £233,037) of the above costs were attributable to restricted funds.

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

7 Allocation of support costs

Support cost	Basis of allocation	Build a tight network	Develop SIX globally	Develop learning and resources	Build the SIX organisation	2016	2015
	£	£	£	£	£	£	
		30%	0%	30%	40%		
Governance	Time spent	2,717	–	2,717	3,622	9,056	5,621
Finance	Time spent	4,400	–	4,400	5,867	14,667	17,837
Information technology	Time spent	–	–	–	–	–	563
Human resources	Time spent	4,174	–	4,174	5,565	13,913	4,021
Depreciation	Time spent	325	–	325	434	1,084	1,595
Marketing and communication	Time spent	2,745	–	2,745	3,660	9,150	37,571
Office costs (incl. rental)	Time spent	3,289	–	3,289	4,384	10,962	27,813
Pension contributions	Time spent	216	–	216	287	719	1,563
Other	Time spent	–	–	–	–	–	43
Total 2016		17,866	–	17,866	23,819	59,551	
Total 2015		28,988	–	28,988	38,651		96,627

8 Governance costs

		2016	2015
		£	£
AGM costs		–	386
Independent examiners remuneration (including expenses and benefits in kind)	10	2,620	1,750
Support costs		5,920	2,592
Other		516	893
		9,056	5,621

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

9 Net expenditure for the year

Net expenditure is stated after charging / (crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	1,084	1,595
Operating lease rentals	30,739	26,108
	<u>31,823</u>	<u>27,703</u>

10 Independent examiners remuneration

The independent examiners remuneration amounts to an independent examination fee of £2,550 (2015 – £1,750) and other services of £Nil (2015 – £NIL).

11 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2015: £Nil).

The total amount of employee benefits received by key management personnel is £130,217 (2015 – £137,919). The Trust considers its key management personnel comprise:

Louise Pulford
Kine Nordstokka – left October 2016
Jordan Junge

One trustee had expenses reimbursed during the year of £1,270 for travel and accommodation. (2015: £3,288).

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

12 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2016 Number	2016 FTE	2015 Number	2015 FTE
Raising funds	0.6	0.6	0.5	0.5
Charitable activities	4.5	4.1	4	3.5
Governance and Support	1.9	1.9	0.5	0.5
	<hr/>	<hr/>	<hr/>	<hr/>
	7	6.6	5	4.5
	<hr/>	<hr/>	<hr/>	<hr/>

The total staff costs and employees benefit's was as follows:

	2016 £	2015 £
Wages and salaries	157,828	147,319
Social security	12,233	12,873
Defined contribution pension costs	9,659	9,447
	<hr/>	<hr/>
	179,720	169,639
	<hr/>	<hr/>

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

13 Tangible fixed assets

	Computer equipment £	Total £
Cost or valuation:		
At start date 2016	4,833	4,833
At end date 2016	4,833	4,833
	<hr/>	<hr/>
Depreciation:		
At start date 2016	3,634	3,634
Charge for the year	1,085	1,085
At end date 2016	4,719	4,719
	<hr/>	<hr/>
Net book value:		
At the end of the year	<hr/> 114	<hr/> 114
At the start of the year	<hr/> 1,119	<hr/> 1,119

14 Debtors

	2016 £	2015 £
Trade debtors	98,131	29,900
Other debtors	-	-
Prepayments and accrued income	5,802	10,459
	<hr/> 103,933	<hr/> 40,359
	<hr/>	<hr/>

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	14,512	-
Other tax and social security	3,445	3,391
Accruals and deferred income	102,981	4,171
Other creditors	1,129	363
	<hr/>	<hr/>
	122,067	7,925
	<hr/>	<hr/>

The deferred income (£100,482) represents funding received for the AEIDL – Social Innovation Community project which will be spent in 2017.

16 Deferred Income

	2016 £	2015 £
Other creditors as at 01 January 2016	-	-
Less amount released to incoming resources	-	-
Plus amount deferred in the year:		
Donations	100,482	-
	<hr/>	<hr/>
	100,482	-
	<hr/>	<hr/>

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

17 Leases

a) Operating leases – lessee

Operating lease relates to office rental agreement with Only Connect. Total future minimum finance lease payments are as follows:

	2016 £	2015 £
Not later than one year	18,000	26,108
Later than one and not later than five years	18,000	64,401
Later than five years		–
	36,000	90,509

18 Fund reconciliation

Unrestricted funds

	Balance at 01/01/2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 31/12/2016 £
General fund	16,342	235,322	(159,517)	–	–	92,147
Total unrestricted funds	16,342	235,322	(159,517)	–	–	92,147

Restricted funds

	Balance at 01/01/2016 £	Income £	Expenditure £	Transfers £	Gains / (losses) £	Balance at 31/12/2016 £
European Commission	–	134,369	(134,369)		–	–
RWJF	56,476	–	(56,476)		–	–
Total restricted funds	56,476	134,369	(190,845)	–	–	–
Total funds	72,818	369,691	(350,362)	–	–	92,147

Social Innovation Exchange

Notes to the Financial Statements

Year Ended 31 December 2016

Restricted fund descriptions

European Commission – Social Innovation Europe

To create a social innovation community across Europe

Joseph Rowntree Foundation

To support the preparation and running of the Unusual Suspects Festival in Glasgow, Scotland

19 Prior year adjustment of unrestricted reserves

Prior year adjustment	2015	2014
Gifts and donations		
Deferred at 31 December 2015	50,147	–
Deferred at 31 December 2014	(22,917)	22,917
	<hr/>	<hr/>
	27,230	22,917

The membership subscriptions have previously been deferred because the subscription year does not run conterminously to the financial year. However, it is now considered that they should be treated as donations and included in the year of receipt.

20 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	114	–	114
Cash and current investments	110,167	–	110,167
Other current assets / liabilities	(18,134)	–	(18,134)
Total	<hr/>	<hr/>	<hr/>
	92,147	–	92,147

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income / (expenditure) for year	19,329	(16,836)
Interest receivable	(81)	(113)
Depreciation and impairment of tangible fixed assets	1,085	1,595
(Increase) / decrease in debtors	(63,574)	17,035
Increase / (decrease) in creditors	114,142	(25,197)
Net cash flow from operating activities	<u>70,901</u>	<u>(23,516)</u>

22 Pensions and other post-retirement benefits

a) Defined contribution pension plans

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £9,659 (2015 – £9,446).

23 Related party transactions

There are no related party transactions during the period (2015: £ nil).